

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0031P

Use Tax

Calendar Years 1998 and 1999

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on November 3, 2000.

Taxpayer is an Indiana corporation that maintained its headquarters in Indiana until the year 2000. Taxpayer's corporate headquarters moved out of state. Taxpayer failed to self-assess use tax on clearly taxable purchases such as office supplies, publications, coffee cups, and other miscellaneous items.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to self assess use tax for various clearly taxable items.

Taxpayer requests a waiver of penalties because the sales tax law is complicated and some of the errors were due to positions taken by vendors, which were based on a reasonable interpretation of the law. Finally the taxpayer states that as a percentage of invoices processed, the error rate was low, probably less than .1% and in a busy office in a competitive industry it is impossible to achieve 100% accuracy.

Taxpayer failed to self assess use tax on clearly taxable purchases for both years of the audit. Although the taxpayer made improvements, it failed to self assess and remit use tax due on 61% and 21% of its taxable purchases for calendar years 1998 and 1999 respectively.

The taxpayer was negligent in failing to self-assess and remit use tax on clearly taxable purchases and has not shown reasonable cause for failing to do so.

FINDING

Taxpayer's protest is denied.